

E. LEAN Government Initiative

Savings are continuous

There is an initiative businesses have used to increase efficiency and lower costs that Wisconsin government has missed out on for decades. It can provide taxpayers with savings, shorten permitting time, and help government do more with less. It could also bring an immeasurable amount of benefits to state residents for years to come. It is an initiative called 'LEAN' government.

Lean was used by Toyota as early as the 1930's and has been widely used in manufacturing since post World War II. Starbucks, 3M, Hewlett Packard, and many other businesses have used Lean or a similar system of continuous improvement. Minnesota, Iowa, and Connecticut are among a few governments that are utilizing Lean with amazing results.

What is Lean? Lean is a continuous improvement philosophy. Customers, employees, suppliers, managers, and executives are engaged in events commonly called value stream mapping events designed to improve operational efficiencies and maximize financial savings. By mapping the status quo, everyone works together to identify and eliminate the non-value added processes. This cuts down on wasted man-hours and increases government's customer's satisfaction.

The result of Lean is increased efficiencies in services for the customers of state government and a safer and more streamlined workplace for employees. Our current economic reality requires government to move at the speed of business; Lean is a tool to get government closer to this goal.

The Commission heard testimony from the University of Wisconsin-Stout Center for Operational Excellence about Lean initiatives they have conducted within governments. A successful example they cited was the improvement of the Child in need of Protection or Services Process (CHIPS) in Marathon County. It used to take six months for a child to go from entry into the system to obtaining a court date. Their Lean efforts eliminated the non-value added processes and reduced that time to only six weeks. UW Stout has also worked within the UW System since 2008 to improve processes with great success^x.

The Commission learned that a Lean event was conducted and almost implemented in the Department of Corrections in 2009. The event at DOC focused on improving the employee disciplinary process from the time of violation to arbitration decision. At the time, the improvements were projected to reduce lead time from as much as 46 days to 13.3 days and process time from as much as 40 hours to 25.4 hours in the investigation and discipline process. Also, the accuracy of this process was projected to improve from 52.1% to 95%^{xi}.

After initial delay due to leadership decisions, these changes are now slowly moving forward. This shows how a successful Lean initiative requires relentless leaders committed to following through. When fully in place, Corrections believes discipline procedures will be performed in a fraction of the time with better results.

Wisconsin government should always be looking for ways to improve operations and services. Lean initiatives could provide a framework for continuous improvement. These improvement

processes could also save taxpayer money, improve workplace safety, and improve government's delivery of services to the public.

Examples of Lean from other States:

Iowa^{xii}

- Reduced Air Quality New Source Construction Permit decisions from 62 to 6 days.
- Reduced Landfill Permits decisions from 187 to 30 days.

Connecticut^{xiii}

- Saved over \$500,000 in staff time over one year in their labor department.
- In a labor department initiative they saved \$1,270,626 in worker hours and reengineered or automated 590 process steps.
- Increased their storage tank inspections from 20 to over 133 per month, an increase of 565%.

Minnesota^{xiv}

- HR management decreased errors in employee pay transactions.
- Managers streamlined payroll processes to increase accuracy in recording FMLA absences.

Indiana^{xv}

- The City of Fort Wayne Indiana is using LEAN and has made drivers happy by reducing the time it takes to repair potholes. 99.6% of potholes reported are filled within 24 hours and the average repair time is only 3 hours. This process used to take over 3 days. This process not only saved motorists' vehicles from damage, but also resulted in less overtime for city workers.
- *"Another LEAN Six Sigma success story is the reduction in the cost per foot of water main replacements by \$317,000. An analysis determined that changes needed to be made in the bidding and construction processes to make it more cost effective. Fort Wayne now bids large, stand alone water main replacement projects in the cold weather months to produce the lowest costs. The cost of water main replacements has dropped from \$61 per foot to \$49 per foot. The total savings is \$317,000. Other benefits include decreased service interruptions, improved water quality, better fire protection, and controlled utility rates."*

Success of Lean in Wisconsin^{xvi}

- In 2003 ThedaCare began implementing LEAN and have developed its own HealthCare specific Lan system called ThedaCare Improvement System. They have removed over \$23 million in costs in costs without layoffs. They have done this while improving patient care.
- Dalco Metals of Walworth cut their paperwork processing time by 50%, from 4 days to 2. Prior to implementing LEAN, it took longer for them to process the paperwork than it did to complete the job.
- Gusmer Enterprises, a third generation family-owned business in Waupaca saw a reduction in their downtime by 70% by implementing LEAN.
- Sadoff & Rudoy Industries, a metal recycler with six scrap metal processing operations in Wisconsin, implemented LEAN and increased their production by 30%.
- Milwaukee based Marsh Electronics used LEAN to reduce their warehouse defect rate from 1.5% to 0.2%.
- Bachhuber Manufacturing Corporation in Mayville utilized LEAN and their employees input and suggestions have decreased their lead times from 8 weeks to just 2 days. They also increased their profits and sales by over 10%.
- Dan Ariens and Ariens Co. implemented LEAN in the 90's and has become a [national leader in LEAN](#).
- Even [Starbucks is utilizing LEAN](#) to increase efficiency and allow that barista a few more moments of time to speak with each customer.

Final Recommendations:

- Create a Lean Enterprise Solutions Unit called the “Center for Excellence” within the Department of Administration staffed by trained Lean consultant(s). Staff should work in conjunction with outside experts and provide continuity and expansion to the program. They should form the core of a group that will always be leading the effort to make government more efficient and cost-effective. The executive branch will need the Lean Unit to keep the culture of continuous improvement going and expanding.

The consultant(s) would be tasked with advising and consulting with all state agencies and to conducting Lean ‘value stream mapping’ events to improve efficiencies statewide. The consultant(s) should have experience with government agencies, public institutions, and industry.

- Another option would be to partner with businesses in Wisconsin currently using Lean. These businesses could volunteer to conduct training sessions with state agencies and employees. The state could bring in manufacturers who have utilized Lean strategies to work with state agencies and assist in instituting it in state government.

- Implement Lean strategies throughout all of state government to improve efficiency, workplace safety, and save taxpayer dollars. Share efficiencies and improvements across agencies so as not to duplicate Lean efforts.
- Create a permanent Lean government commission by executive order and have it consist of legislators, business leaders, and interested public members.
- The permanent commission would review Lean agency changes and if needed recommend law changes to improve upon Lean policy initiatives.
- Create a Lean Wisconsin Enterprise Initiative website in order to detail successes for the public to view. This will improve transparency and show the public how government can be efficient, responsive, and do more with less. Showing results will help to get those reluctant to make change on board with improvement.
- All agencies should be encouraged to establish measurement criteria for the services they perform, both on the quality and the timeliness of the service. Then they should establish goals, and Lean methods to achieve them. The use of proper measuring criteria, and the focus on continuing to improve beyond current levels of service, will bring significant improvements to the people of Wisconsin.
- Establish a 'Customer Focus' in each department. Departments would define their mission - what is the department trying to accomplish, who is the customer, what factors constitute quality and what is a good measure of customer satisfaction, and timely service.
- Measure performance, quality, timeliness, and efficiency and communicate these metrics to the employees performing the service to create constant improvement. Set up a review process for reviewing the metrics on a regular basis.
- Set up a system of incentives, bonuses, and/or recognition events to communicate what the goals were, the improvements made in customer satisfaction rates, etc. to reward state employees who show positive results.

Addendum

Many state agencies are currently implementing Lean strategies. As an example, the Department of Natural Resources is implementing Lean agency wide. All agency divisions will form Lean teams and complete at least one Lean event by the middle of next year.

At the direction of the Commission the administration is exploring the option to formally initiate Lean in all of state government.